The Role of Government and Central Banks in the Financial Education Process

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What are the main issues?

Who are the key players in financial education?

What is their responsibility?

Are all problem areas covered?

How should the key players interact?
FE as a cross-sectoral issue

FE is a cross-sectoral issue – who is responsible when FE is...

- a segment of a broader policy
- a consumer protection component
- a complement to fin. market regulation (information provision)
- supporting financial market stability
- a part of school curricula
- requiring support for teachers
- requiring financial resources for NGOs

... but too many cooks spoil the broth
Initial situation in the Czech Republic

- FE formally recognized as a consumer protection component (2006)
- existing demand for FE among the public (2007 opinion poll)
- overlap of responsibilities (fin. market, consumer and education issues)
- several private FE projects already in force
  - no co-ordination → different content, terminology
  - too small to cover all target groups
  - grey areas / overlapping
- not enough enthusiasm on the public sector side (2006)

Challenges:
- definition of responsibilities
- co-ordination on both public and private level
- motivation → awareness among the public sector

Solution:
- National strategy for financial education
  (answering basic questions – who, what and how)
Division of responsibilities

**Ministry of Finance**
- fin. market regulator – interaction between regulation and literacy
- responsible for consumer protection in the fin. market – FE in line with other tools
- expertise in fin. market matters – expert support (esp. to MoE)
- coordination on national level, communication to the Government

**Czech National Bank**
- financial market stability – improved by FE
- consumer protection in the fin. market supervision – FE as reaction
- expertise in fin. market matters – expert support, seminars
- respected, trustworthy (77% among the public) and independent institution – reputation for FE

**Ministry of Education**
- responsible for the educational system

**Other ministries and the Government**
Coordination framework

- defined in the National Strategy for Financial Education (approved = binding and respected)
- ongoing basis
- 2 levels responsible authorities (MoF, MoE, CB) other relevant stakeholders

Steering committee

**coordinator**

Ministry of Finance

Ministry of Education

Czech National Bank

other public authorities

industry

consumers

experts
Czech experience – challenges

Objectivity

- FE vs. marketing - boarder line
- public authorities‘ reputation
- legally defined independency and neutrality – central bank never promotes particular commercial product

solution: principle of objectivity set in the National Strategy

Limited operational range of public administration and the Central bank

- adults as a large target group
- PA – limited resources (in times of increased public finance deficits)
- CB – cannot substitute the role of NGOs in helping individuals (overindebtedness)

solution: include NGOs and private sector in FE activities
introduce co-financing facilities for NGOs

FL measurement

- objectivity and sustainability required

solution: carried out by MoF, MoE, CB
Lessons learned

Responsibilities

- should be described in the National Strategy
- concrete activities in Action plan (responsibility and deadline)
- prevent overlapping, cover grey areas

Coordination

- one coordinator on national level
- 2 levels – public administration and all stakeholders

Objectivity

- both FE programmes and measurement
- should be required by the National Strategy

Limited financial resources

- a never ending story
Thank you for your attention

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